

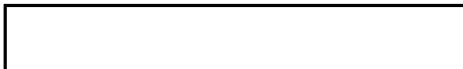
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12 March 1954

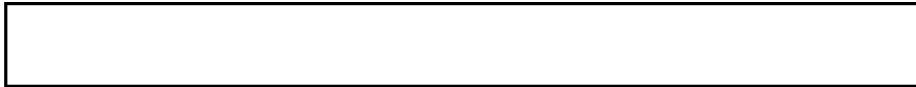
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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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DOS review(s) completed.

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S U M M A R Y

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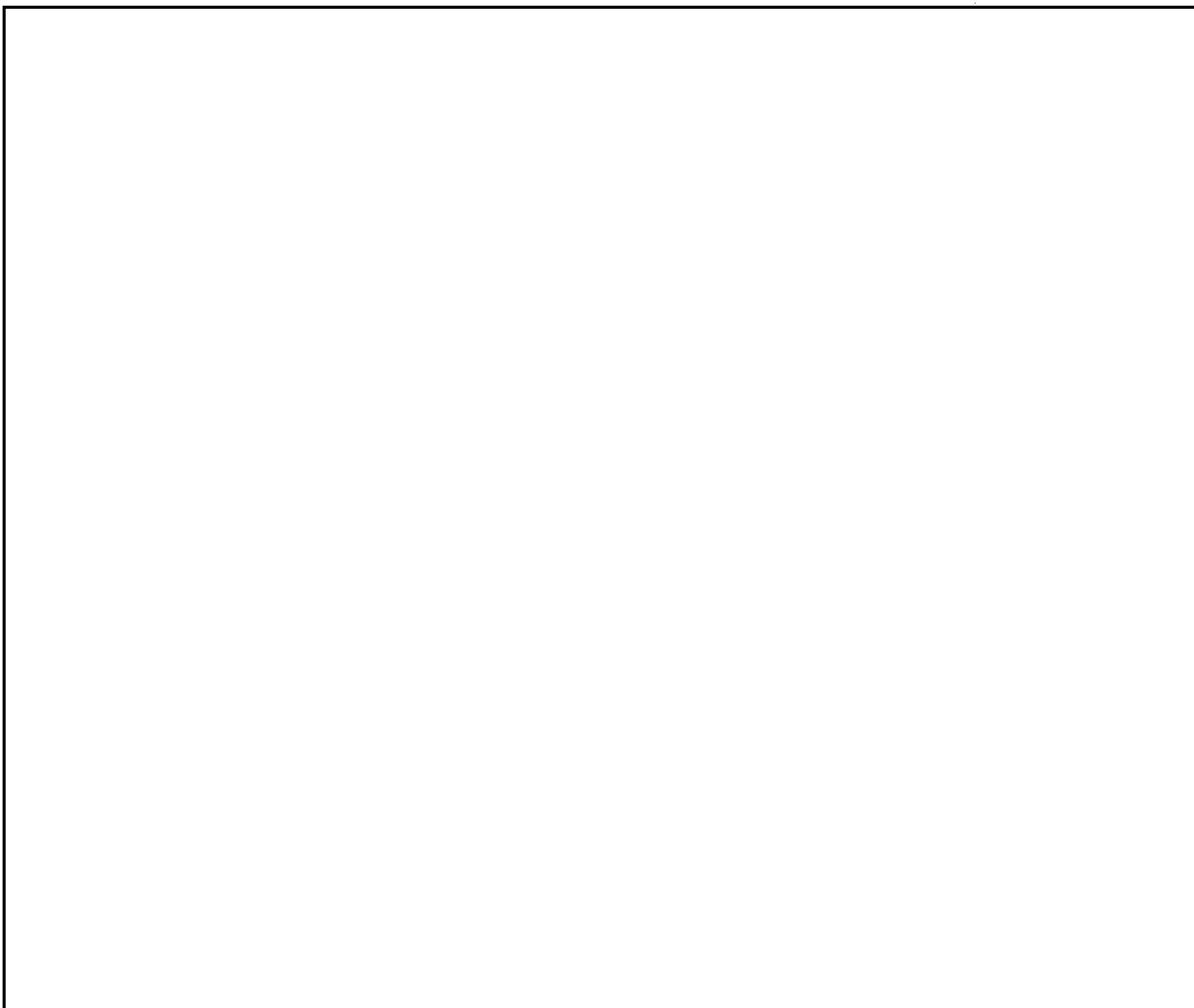
LATIN AMERICA

6. Armed conflict reportedly threatens in Ecuador-Peru dispute (page 6).

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SOUTHEAST ASIA

2. Magsaysay wins out over Nacionalista old guard on foreign policy dispute:

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The endorsement by most Filipino congressional leaders of President Magsaysay's foreign policy statement on 10 March, which stressed the Communist threat to Asia, is

25X1 seen [redacted] as a complete victory over the old guard of the Nacionalista Party, which stands for an "Asia for Asians" policy.

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[redacted]
12 Mar 54

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[redacted] this development is a major setback to the ultranationalistic force led by Senator Recto, who can be expected to counterattack sharply, probably in a manner designed to embarrass both Magsaysay and the United States.

Comment: Senator Recto has already publicly denounced the Magsaysay statement for being "watered down to appease certain pressure groups." Vice President Garcia, who is also foreign minister, has announced that the Foreign Ministry would continue to espouse the "Asia for Asians" doctrine.

Although friction between Magsaysay and powerful Nacionalista leaders has been mounting for some time, the divergence over foreign policy has made this the first significant test of their respective strengths. The outcome will determine the extent to which Magsaysay will be able to guide the policies of the Philippine government.

3. French Assembly may demand talks with Viet Minh if Geneva conference fails:

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[redacted]

According to the American embassy in Paris, the recent Indochina debate in the French National Assembly made it clear that unless the Geneva conference produces tangible results, parliamentary pressure for direct negotiations with the Viet Minh will be "almost insurmountable." The embassy states the government "obviously bought time in Indochina with the Geneva conference, but the assembly only extended credit on a short-term basis."

The embassy adds that the assembly's resolution, which states that France will be relieved of its obligations to the Associated States if they repudiate any provision of the constitution relative to the French Union, could lead to failure of the current French-Vietnamese negotiations.

Comment: The Vietnamese delegation now in Paris will probably press for a bilateral treaty granting Vietnam virtual independence, though within the French Union. In all likelihood this would be acceptable to the Laniel government and presumably would be feasible without constitutional revision.

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[redacted] 12 Mar 54

An enlargement of Vietnam's powers would tend to limit France's freedom of action in any negotiations with the Viet Minh, but would not preclude French withdrawal.

NEAR EAST - AFRICA

4. Israel intensifies attack on US arms aid to Arab states:

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The Israeli government and press have intensified their campaign against American arms aid to the Arabs as well as the inclusion of Iraq in the Turkish-Pakistani pact, according to Chargé Russell in Tel Aviv. Most of the Israeli editorials have reacted against even "token" arms deliveries to the Arab states.

Prime Minister Sharett, speaking before the Knesset in his capacity as foreign minister, stated that Israel's opposition to arming the Arabs "is absolute as long as they continue to wage a cold or not so cold war."

Comment: Israeli opposition to possible Iraqi participation in the Turkish-Pakistani agreement has become more violent as the probability of such adherence increases.

5. Nasr anxious for early Suez settlement:

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Colonel Nasr desires a settlement on the Suez base issue as quickly as possible. He is convinced he can persuade the Revolutionary Command Council to accept his formula providing for immediate availability of the base to the West in the event of an attack on Turkey as well as on any of the Arab states. Nasr is willing to include Turkey if the British will yield on the question of uniforms for technicians remaining at the base.

Nasr has authorized Ambassador Caffery to suggest that the British ambassador arrange a meeting next week between Nasr and the British negotiators.

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Comment: Nasr's interest in a quick settlement may be inspired by the hope that he could sell such a settlement to the Egyptian people as a major accomplishment and thereby solidify his political position.

Foreign Secretary Eden has stated that concessions on the uniform question could be considered only if an attack on either Turkey or Iran were made a condition for the immediate reactivation of the base. Political uncertainties in Cairo suggest that Nasr could make no further concessions at this time.

LATIN AMERICA

6. Armed conflict reportedly threatens in Ecuador-Peru dispute:

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[Redacted]

As a result of recent troop movements and heightened tension in the boundary dispute between Ecuador and Peru, the American chargé in Quito believes that a new incident could cause open armed conflict.

A high Ecuadorian official stated on 10 March that Peru's current actions are similar to its preparations for the 1941 invasion of Ecuador. He added that his country "will defend itself at all costs." Ecuador is now planning to move its fighter squadron from Quito to Salinas on the southern coast.

Comment: The present dispute, which caused some tension at the 10 March session at Caracas, started with the arrest on 24 January of six Peruvian soldiers on the Ecuadoran side of the border. Similar disputes have been frequent since the Rio Protocol guaranteeing the border was signed in 1942. Ecuador, as the weaker country, has in the past tended to exaggerate the danger of a Peruvian invasion.

The Rio Protocol guarantors--the United States, Argentina, Brazil, and Chile--are scheduled to meet on 13 March in Rio de Janeiro to seek a solution to the dispute.

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